

Moriarty Family Privatized Banking System (PBS)

- The Moriarty Family established their own privatized banking system (PBS) in September 2009
- Currently they own four whole life insurance contracts with a mutual insurance company that comprise their PBS
- The following policies have been established as Specially Designed Life Insurance Contracts (SDLIC)
 - \$20,000 Annual Premium in September 2009
 - \$75,000 Annual Premium in July 2010
 - \$55,000 Annual Premium in August 2012
 - \$100,000 Annual Premium in July 2015
- Two Policies are owned by Irrevocable Trusts but are accessible for Personal Utilization purposes
- Two Policies are owned by John E Moriarty & Associates, LLC and are accessible for Business Utilization purposes

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Examples of Specific Utilization within the Moriarty Family since September 2009

- Personal Economy
 - Home Improvements (multiple projects)
 - Pay Personal Property/Real Estate Taxes
 - Pay Federal & State Income Taxes
 - Family Vacations
 - Charitable Donations
 - Personal Loans to Family Members
 - Trips to Scotland, Pebble Beach, Bandon Dunes, Napa/Sonoma Valley, Las Vegas (Ability to combine airline miles, credit card points, and access to cash)
 - Down Payment on a Rental Property in Webster Groves, MO

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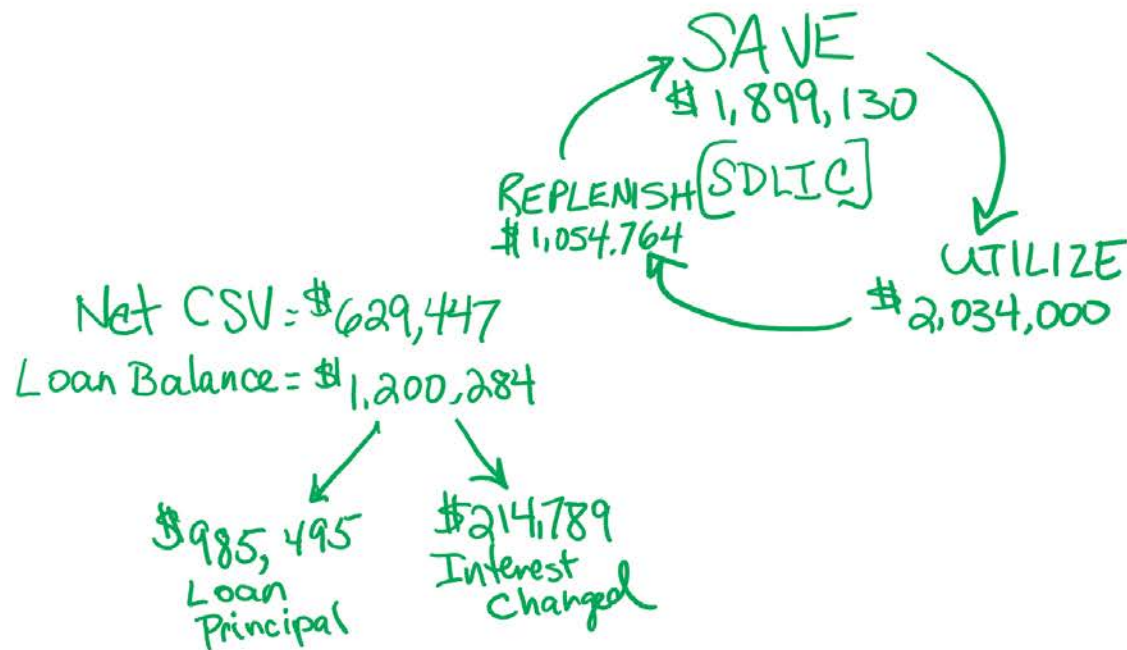
Examples of Specific Utilization within the Business Economy of John E Moriarty & Associates, LLC since September 2009

- Business Economy
 - Purchase Office Furniture
 - Upgrade Business Infrastructure (Technology/Software)
 - Office Headquarters Expansion/Buildout
 - Strategic Acquisitions of Wealth and Income Tax Practices
 - Equity Investment in a Restaurant (Olive & Oak in Webster Groves, MO)
 - Equity Investment in a Technology Company
 - Private Debt Investment to another Entrepreneur with the cash flow return of 15% IRR to date
 - Contribution to a Deconstruction Strategy (Advanced Income Tax Strategy) per IRC Section 170(a)
 - Use policies as collateral to achieve favorable bank financing

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MORIARTY FAMILY BANK 6/1/2020



Privatized Banking System (PBS)

- ★ 10 1/2 years of Cash Flow Management
- ★ ~ \$1.9 Million of Capital that is creating an "AND" Asset
- ★ Earned \$313,135 of dividends on my capital contributed to each SDLIC
- ★ Dividends (and guaranteed interest) will continue to compound regardless of how much I utilize the cash value (uninterrupted compound growth)
- ★ Net Cash Value available to utilize will depend on how money flows "through" the SDLIC via loan repayments

★ How does this activity impact the future performance of the Moriarty Family Privatized Banking System?

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- Specifics of the Moriarty Family Privatized Banking Activity as of June 1, 2020 (10 ½ years)
- Total Capital Contributed = \$1,899,130
 - \$1,715,619 of Policy Premiums
 - \$183,511 of 1035 Exchange dollars from other life insurance contracts (older variable life contracts out of surrender)
- Total Policy Loans = \$2,034,000
 - 26 Different Loan Requests
 - Total Interest Charged while loans have been outstanding = \$214,789
- Total Loan Repayments = \$1,054,764
- Total Loan Balances Remaining = \$1,200,284
- Net Cash Surrender Values (CSV) = \$629,447
- Net Capital Accessible = (Net CSV + Total Loan Balance)/ Total Capital
 - $(\$629,447 + \$1,200,284) / \$1,899,130 = 96.4\%$ Net Capital Accessible
- Net Death Benefits (minus Loan Balances) = \$14,532,769
 - \$5 Million of 20 year term (12 years left)
 - \$9 Million+ of Whole Life Coverage (4.7X Total Capital Contributed)
 - Financial Leverage for Capital Utilization, Asset Protection, and Estate Transfer

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Inforce Illustrations – Examples of Continual Cash Flow

- Ending Net CSV = \$692,800
 - Current Net CSV = \$629,447
 - Pending Dividends + Interest = \$63,353
- Additional Premiums (New Capital)
 - \$190,000 for the next two years
- Policy Loan Repayments
 - \$99,000 for the next 9 years
 - \$74,000 in Year 10
 - \$14,236 in Year 11
- Internal Rate of Return after 40 more years
 - 3.00% Net Return (2.99% actually) after SDLIC has been utilized over their normal life expectancy

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Moriarty Family_Privatized Banking System

Age	Year	BOY Annual Premium	BOY Annual Withdrawals And Loans	BOY Additional Annual Payments	EOY Annual Loan Interest	EOY Cumulative Loan Balance	EOY Net Cash Value	EOY Net Death Benefit	TOTAL IRR On NET CV	ANNUAL ROR On NET CV	TOTAL IRR On NET DB
47	1	882,800		99,000		(1,162,853)	980,116	14,855,140	(0.17)%	(0.17)%	1,413.05%
48	2	190,000		99,000		(1,117,044)	1,278,807	15,205,644	0.35%	0.76%	279.10%
49	3			99,000		(1,068,948)	1,414,192	13,800,261	1.21%	2.64%	130.58%
50	4			99,000		(1,018,444)	1,555,952	13,747,530	1.67%	2.83%	84.63%
51	5			99,000		(965,416)	1,704,050	13,705,262	1.97%	2.97%	61.80%
52	6			99,000		(909,737)	1,858,499	13,673,192	2.19%	3.08%	48.28%
53	7			99,000		(851,274)	2,019,304	13,650,925	2.36%	3.16%	39.39%
54	8			99,000		(789,888)	2,186,305	13,638,046	2.49%	3.21%	33.12%
55	9			99,000		(725,433)	2,359,597	13,634,078	2.59%	3.25%	28.47%
56	10			74,000		(684,005)	2,512,403	13,612,793	2.67%	3.24%	24.89%
57	11			14,236		(703,257)	2,605,591	13,536,094	2.72%	3.12%	22.07%
58	12					(738,420)	2,686,135	13,448,460	2.76%	3.09%	19.80%
59	13					(775,342)	2,776,324	8,383,660	2.81%	3.36%	13.33%
60	14					(814,108)	2,868,496	8,320,944	2.86%	3.32%	12.15%
61	15					(854,814)	2,962,604	8,260,390	2.89%	3.28%	11.14%
62	16					(897,554)	3,058,549	8,202,158	2.91%	3.24%	10.28%
63	17					(942,431)	3,156,179	8,146,427	2.93%	3.19%	9.54%
64	18					(989,554)	3,255,565	8,093,187	2.95%	3.15%	8.89%
65	19					(1,039,031)	3,356,637	8,042,082	2.96%	3.10%	8.32%
66	20					(1,090,983)	3,459,507	7,992,622	2.96%	3.06%	7.81%
67	21					(1,145,532)	3,564,121	7,944,227	2.96%	3.02%	7.36%
68	22					(1,202,808)	3,670,539	7,896,342	2.97%	2.99%	6.95%
69	23					(1,262,949)	3,778,720	7,848,534	2.96%	2.95%	6.59%
70	24					(1,326,096)	3,888,591	7,800,553	2.96%	2.91%	6.25%
71	25					(1,392,401)	4,000,010	7,752,386	2.96%	2.87%	5.95%
72	26					(1,462,021)	4,112,797	7,704,290	2.95%	2.82%	5.67%
73	27					(1,535,123)	4,226,606	7,656,512	2.94%	2.77%	5.41%
74	28					(1,611,878)	4,341,496	7,608,649	2.94%	2.72%	5.17%
75	29					(1,692,471)	4,457,549	7,560,051	2.93%	2.67%	4.95%
76	30					(1,777,096)	4,592,817	7,563,856	2.93%	3.03%	4.78%
77	31					(1,865,950)	4,752,366	7,634,125	2.95%	3.47%	4.64%
78	32					(1,959,249)	4,914,751	7,709,639	2.96%	3.42%	4.52%
79	33					(2,057,211)	5,079,697	7,786,758	2.98%	3.36%	4.40%
80	34					(2,160,072)	5,246,937	7,865,708	2.99%	3.29%	4.30%
81	35					(2,268,075)	5,416,204	7,946,468	2.99%	3.23%	4.20%
82	36					(2,381,479)	5,586,885	8,029,172	3.00%	3.15%	4.10%
83	37					(2,500,553)	5,758,515	8,113,853	3.00%	3.07%	4.01%
84	38					(2,625,580)	5,930,915	8,200,331	3.00%	2.99%	3.93%
85	39					(2,756,860)	6,103,569	8,288,280	3.00%	2.91%	3.85%
86	40					(2,894,701)	6,275,606	8,377,619	2.99%	2.82%	3.78%